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SUBJECT: FRAUD SUMMARY - ASUNCION

REF: STATE 057623

[1](#)1. This cable is in response to an action request in reftel.

COUNTRY CONDITIONS

[1](#)2. (SBU) After the 35-year dictatorship of General Alfredo Stroessner and six decades of Colorado Party rule, Paraguayans elected former Roman Catholic bishop Fernando Lugo as president in April 2008. Lugo was inaugurated on August 15, 2008. One year on, the Lugo government continues to grapple with the challenges of day-to-day governing. An inexperienced team, exceedingly high expectations for change, endemic corruption, weak institutions, and a divided Congress make the job more difficult. The current administration needs to generate jobs and promote economic development while downsizing a bloated state and tackling social and security issues of key concern.

[1](#)3. (U) This landlocked country of 6.6 million people remains hopeful for change, but endemic corruption, weak government institutions, difficult economic conditions and an inconsistent regulatory climate provide incentive and opportunity for consular fraud in Paraguay. Unemployment and underemployment are problems and the primary motivators for immigration to Argentina, Brazil and Spain.

[1](#)4. (U) The global financial crisis has impacted Paraguay. As an agriculture commodity exporter, the impact of lower demand is felt across all productive sectors. Agriculture, which represents about 25 percent of GDP, is expected to decline about 30 percent in 2009. More than 250,000 families depend on subsistence farming activities and maintain marginal ties to the larger productive sector of the economy. Poverty reduction remains a challenge for the current administration. Poverty and lack of opportunity in rural areas fuel migration.

[1](#)5. (U) Paraguay has had great difficulty regulating commerce in its second largest city, Ciudad del Este, located in the Paraguay-Argentina-Brazil tri-border region. This region is noted for trafficking in arms, drugs, contraband, and persons. This region is also home to large foreign communities, especially

Brazilian, Lebanese, Korean, and Taiwanese, many of whom retain their foreign nationality.

¶16. (U) Visa Waiver Program travel is a concern. Many Paraguayans receive foreign citizenship from Italy, Germany and Spain through their parents or grandparents, yet their economic and social situation in Paraguay cannot be compared to the situation of applicants who are presently living in the European Union.

¶17. (U) Civil documentation is lightly controlled in Paraguay. For example, birth and marriage certificates continue to be hand written in the interior of the country. Most documentation cannot be verified. Paraguayans tend to travel to Florida ("sweet 15" birthday travel), New York (tourism and visits to relatives), Colorado (home of Au Pair International) and Kansas (Kansas City and Asuncion are sister cities).

¶18. (SBU) Post categorizes Paraguay as "low-fraud." The adjusted refusal rate of non-immigrant visa applicants from March 1, 2009 to September 30, 2009 was 12 percent; compared to 14.07 percent during the same period last year. During the reporting period, post experienced a 15.72 percent decline in non-immigrant visa applications from 5,141 applicants (Mar-Sep 2008) to 4,333 (Mar-Sep 2009). These numbers document fewer non-immigrant visa applicants because of current economic conditions. The ease of travel to neighboring countries, the lack of direct flights to the U.S., increased MRV fees and rigorous visa application procedures dissuade unqualified visa applicants. Although the number of non-immigrant visa applicants has declined, the economic crisis has caused others to seek illegal employment in the U.S. Information from DHS on I-275 forms shows previously issued middle class applicants engaging in unauthorized employment in the U.S. to earn extra income.

NON-IMMIGRANT VISA FRAUD

¶19. (U) Non-immigrant visa (NIV) fraud is generally found in a manageable percentage of applications. It usually consists of fake or inflated employment letters and bank statements. These fake documents are easily detected at intake in cases that are obvious candidates for refusal under section 214(b) of the Immigration and Nationality Act. When the Consular Officer suspects that the applicant is using forged legal documents or bank statements, the Consular Officer (who also acts as Fraud Prevention Manager) coordinates with the NIV pre-screener (who also acts as a Fraud Investigator) and the Regional Security Office (RSO) to question the applicant about the provenance of the documents and to involve the local police.

¶10. (SBU) The level of official corruption in Paraguay is very high. It is not difficult to obtain bona-fide, but fraudulently issued official government documents by paying a small fee. Some immigration officials are also unscrupulous. A back-dated entry stamp indicating re-entry into Paraguay months or even years prior to the actual re-entry date can be easily obtained at the airport for amounts ranging from USD 20 to USD 100 depending on the negotiating expertise and contacts of the individual. In some cases, Paraguayans have obtained this service by sending their passports via courier from the U.S. to Paraguay to have them stamped without ever leaving the U.S. The risk of visa fraud is

particularly high in some areas of the country, notably the towns of Caraguaty (approximately 60 miles from Asuncion) and Isla Pucu (approximately 52 miles from Asuncion), which are known for the number of inhabitants who have immigrated to the U.S., primarily to the New York and New Jersey areas.

¶11. (U) Post conducts statistically sound validation studies. Typically, Asuncion validation studies yield confirmed overstay rates of one to three percent. The non-immigrant visa category with the most fraud is B1/B2.

¶12. (U) Post interviews a large number of teenagers (14 to 16 years of age) between February and June. These "Disney season applicants" travel to Miami and Orlando to celebrate their "sweet 15" birthdays. The majority of Disney season applicants travel in large tour groups with well known travel agencies. Few Disney season applicants travel with their parents or close relatives. No Disney season applicants were refused this year or last year, as this is a low fraud category. However, after Disney season, the refusal rate increased significantly as officers noted more unqualified applicants.

IMMIGRANT VISA FRAUD

¶14. (U) Post's cases of immigrant visa (IV) fraud have historically centered on employment visas. These cases, which generally involve

non-existent companies or positions for which the applicant did not have the required skills, have been most common among Korean applicants. Post has also detected and investigated fraudulent marriages entered into solely for the purpose of obtaining immigration benefits, and there have been several cases of falsified New Jersey birth and marriage certificates in marriage-based petitions.

¶15. (U) During the reporting period (March 1, 2009 to September 30, 2009), one IV applicant was refused 5A for having entered into a marriage to obtain immigration benefits, two IV applicants were refused 9B1 for accruing unlawful presence, and one IV applicant was refused 6C1 and 9B2. All other IV applicants during the reporting period that were refused were refused 221g for missing documentation. Last year during the same time (March 1, 2008 to September 30, 2008), one IV applicant was refused 9B2, one IV applicant was refused 6C1, 6E and 9B2, and another IV applicant was refused 6C1. Other IV applicants were refused 221g for missing documentation.

DIVERSITY VISA FRAUD

¶16. (U) Post historically has not experienced this type of fraud, most likely due to the low number of Paraguayan diversity visa (DV) applicants. However, Post's only DV applicant during the reporting period stood out. The subject had been previously deported from the U.S., but subsequently obtained a B1/B2 visa via misrepresentation. He attempted a change of status from B1/B2 to

L1A, but was refused 6C1 and his petition was returned to the Department of Homeland Security for revocation. He subsequently entered the U.S. without a visa through Ciudad Juarez, residing in Florida for two years. At his DV interview on September 11, 2009, the subject again made false statements and misrepresented himself to a Consular Officer. He was refused 9B2 and 6C1, and his petition was returned to the National Visa Center.

ACS AND U.S. PASSPORT FRAUD

¶17. (U) The little ACS fraud that is known or suspected by Post occurs when U.S. citizens register orphans as their own and subsequently apply for Consular Reports of Birth Abroad (CRBA) and passports, stating that the children are their biological offspring. This did not occur during the reporting period.

ADOPTION FRAUD

¶18. (U) Adoption related fraud is not apparent at Post. Paraguay does not permit adoption by foreigners who are not resident in the country. Currently, inter-country adoption is technically open, but rarely granted. The Paraguayan Central Authority gives priority to Paraguayans or foreigners resident in Paraguay before opening the adoption process up to foreigners living outside of Paraguay. Given a waiting list of qualified resident adoptive parents, foreign adoptions are rare.

USE OF DNA TESTING

¶19. (U) Post occasionally uses DNA testing in IV and ACS cases. Use of DNA testing in NIV cases is rarely (if ever) done.

ASYLYM AND OTHER DHS BENEFIT FRAUD

¶20. (U) Post generally does not encounter asylum or other DHS benefit fraud. We did not encounter this during the reporting period.

ALIEN SMUGGLING, TRAFFICKING, ORGANIZED CRIME, TERRORIST TRAVEL

¶21. (U) Paraguay is a source country for trafficked and smuggled aliens, but they are not always destined for the United States. Trafficking and smuggling visible to the Consular Section would most likely involve minor children of illegally present or undocumented aliens currently living in the United States or Spain. The Vice-Consul and FPU LES noticed that grandparents or aunts and uncles would claim they were taking children to Disney World in Orlando, Florida or New York for their birthdays, for the holidays or to reward them for being good students. In most cases, the adult family members would deny that they had any relatives living in the United States. In all cases during the reporting period the adult family members did not have legal guardianship of the children. After careful questioning and a search in the CCD and ADIS, it was usually discovered that the minor's parent(s) had traveled to the U.S. on a tourist visa and over-stayed. The cases did not appear to be connected, but the fraud pattern was the same.

DS CRIMINAL FRAUD INVESTIGATIONS

¶22. (U) The majority of suspect cases can be investigated during the course of the visa interview. The FPU LES regularly checks the CCD and ADIS and calls his local bank, travel agency and immigration contacts when documents look altered or the applicant's body language and answers are out of place. Since the interviewing Consular Officer is also the Fraud Prevention Manager, the majority of suspect cases are handled immediately. Only when the Consular Officer believes it necessary to contact the RSO and other agencies at Post are cases refused 221g under the Immigration and Nationality Act. When necessary, the RSO (or other agencies) will interview a suspect applicant. There have been times when the RSO has contacted the National Police, resulting in the arrest of an applicant for altering or falsifying legal documents. The Consular Section and RSO work closely on complex fraud cases since Asuncion is a small post with two Consular Officers and two DS agents. An A/RSO-I position has been approved for Post. This new position will allow Post to pursue and develop more complex investigations that current personnel limitations permit.

HOST COUNTRY PASSPORT, IDENTITY DOCUMENTS AND CIVIL REGISTRY

¶23. (U) The Government of Paraguay recently announced the modernization and redesign of the Paraguayan National Passport. Packed with security features and produced in a new, modern, up-to-date and secure production facility, it sets a new standard among Mercosur countries for anti-counterfeiting measures. Development of the new passport was funded by the Millennium Challenge Corporation's Threshold Country Program. Visible and invisible features are built into the passport as well as the passport security laminate. Once the passport is produced, it cannot be altered without severe damage to the passport, which prevents fraud.

¶24. (U) Some of the publicly-disclosed features of the new Paraguayan National Passport include: prismatic printing, invisible

page numbers, raised printing with texture, very small text, hidden images when the passport is tilted, holographic images, invisible designs and watermarks. Many Paraguayans continue to have the former low-tech, but ICAO-compliant passport. The former passport is particularly vulnerable to photo-substitution.

¶25. (SBU) The passport application process is challenged by endemic corruption and the lack of integrity. No automated record checks are utilized to vet passport applications. Furthermore, passports can be renewed long after their expiration without the bearer having to provide a new photograph, which also makes the Paraguayan passport vulnerable to use by impostors. The Paraguayan passport is coveted by other South American nationalities that require visas for travel to the European Union. Recent cases during the reporting period documented passport fraud involving Colombian nationals using valid, but illegally obtained Paraguayan passports.

¶26. (U) The Government of Paraguay has also redesigned and modernized the Paraguayan National ID (Cedula de Identidad Civil Paraguaya). The new Paraguayan National ID is produced in the same secure production facility as the new Paraguayan National Passport. Visible and invisible security features are incorporated into the new Paraguayan National ID such as prismatic printing, micro-printing, machine readable technology, holographic images and fine lines.

¶27. (SBU) Other civil documentation is very lightly controlled. Post requires most civil documents used to support consular applications (birth certificates, marriage certificates and death certificates) to be legalized at a civil registry office or at the Ministry of External Relations, depending on the document. Post, as a rule, does not consider civil documentation by itself to be absolute proof of the facts claimed by the document.

COOPERATION WITH HOST GOVERNMENT AUTHORITIES

¶28. (SBU) Cooperation with Government of Paraguay authorities on consular fraud issues is generally good. However, prosecutors are sometimes hamstrung when the apparent victim of a fraud scheme - usually someone who has paid money to a visa "fixer" who has no connection to the Embassy and no intention of ever getting a visa for the victim - declines to go forward with a police report. That said, police cooperation has been very good, helping the Embassy create an atmosphere that deters attempts at visa fraud.

AREAS OF PARTICULAR CONCERN

¶29. (SBU) Easy access to fraudulent documents is the primary area of concern, particularly when they are used to paper over possible illegal activity in Ciudad del Este and the Tri-border region. Internal controls in both the manufacture and issuance processes of birth certificates are virtually non-existent. Records are kept manually, and it is common practice in Paraguay to register a birth

up to twenty years after the actual date of birth. Compounding this lack of internal controls is the unfortunate fact that a large percentage of the Civil Registry workforce is unpaid and therefore vulnerable to bribes.

STAFFING AND TRAINING

130. (U) Post is at full staffing with two Consular Officers and four LES. CA and DS have approved a new A/RSO-Investigator position. Ernest J. Abisellan is the Consul and Accountable Consular Officer. He completed PC441 Passport Data Security Awareness and is currently enrolled in PC400 Consular Management Controls. Olga Elena Bashbush is the Vice-Consul, Fraud Prevention Manager and back-up Accountable Consular Officer. She completed PC440 Processing Security Advisory Opinions, PC441 Passport Data Security Awareness, PC400 Consular Management Controls and attended the Consular Fraud Prevention Conference in Miami, Florida. Post's Fraud Investigator and an NIV Assistant attended a Department of Justice, Federal Bureau of Investigation and Internal Revenue Service course on money laundering and financing terrorism from September 22-25 in AsuncionQ

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